

Cashew industry seeks fresh working capital

Asks Centre to also direct banks to halt loan recovery

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Kerala's cashew industry has requested the Centre to extend fresh working capital with a subsidised interest rate for three years with the same collateral banks currently hold. The Central Government, in the past, had supported the Textile and Leather sector and a similar gesture could help revive the cashew processing industry, one of the oldest traditional industries in Kerala, which is going through its worst crisis.

According to the Kerala Cashew Entrepreneurs Joint Protection Council, the cashew processing industry is on the verge of total collapse, recording heavy losses. Out of 834 registered factories, around 700 are closed, impacting livelihood of 3 lakh plus women labourers, especially from backward communities. Besides being a mass employment sector, the annual foreign exchange earnings of the industry used to be in the region of ₹7,000 crore.

Sasidharan Achari, Coordinator of the Council said that while bank accounts of more than 150 industrialists have been made NPA based on the Sarfaesi Act, the State-level Bankers' Committee meeting had agreed to extend a moratorium till August 31. But attention has not been paid to the cashew sector crisis, he said.



The introduction of 9.36 per cent import duty in 2016 on raw cashew and 36 per cent wage hike by the State Government in 2015 sped up the downfall of the industry. The Council pointed out that 70 per cent of the raw cashew nuts, the raw material of the industry, is imported mainly from African countries since domestic production is low. The exorbitant price of raw cashew with the entry of Vietnam and China, government policies, lack of mechanisation is being blamed for the present situation.

The Council also requested the Centre to persuade banks to stop all recovery measures with immediate effect and take out all penal interest from NPAs. The bank interest of NPAs in the last three years needs to be written off and the same needs to be borne by the Centre and the banks, it said. The remaining part can be converted into a term loan — of 10 years or at least seven years — with a minimum interest rate wite, the assistance of Nabard and Sidbi, it said.